# GOVERNMENT OF INDIA
# CHEMICALS AND FERTILIZERS
# LOK SABHA

STARRED QUESTION NO:137
ANSWERED ON:31.07.2001
RETENTION PRICING SYSTEM
UMMAREDDY VENKATESWARLU

**Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:**

(a) Whether the Government have finalised any plan to introduce group-wise Retention Pricing System for urea units in the country;

(b) if so, the time by which the present system of unit-wise Retention Pricing System is likely to be replaced;

(c) the extent to which new system is likely to increase the price of urea;

(d) the details of objectives of the new system of Retention Pricing System, group-wise;

(e) whether the Government propose to modify the system; and

(f) if so, the details thereof.

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S.B. MOOKHERJEE)

(a) to (f): A statement is laid on the table of the House.

Statement referred to in reply to parts (a) to (f) of Lok Sabha Question No.137 to be answered on 31-07-2001.

(a) to (f): The Expenditure Reforms Commission (ERC), in its report entitledRationalising Fertilizer Subsidies' submitted to the Government in September, 2000, has inter-alia recommended replacement of the existing Retention Price-cum-Subsidy Scheme by a group-based Concession Schemeafter dividing urea units into 5 groups based on feed-stock and vintage and prescribing uniform rates of concession for each group. Government is examining the recommendations of ERC with a view to formulate a newpricing policy for urea units which will aim at bringing uniformity and transparency in payment of subsidy to urea manufacturers and also induce them to take cost reduction measures on their own and be competitive.

As regards the extent to which the new system is likely to increase the price of urea, the Maximum Retail Price (MRP) of urea continues to be fixed under the Fertilizer (Control) Order, 1985. While fixing MRP of urea, Government takes into consideration the factors such as fiscal sustainability and need for balanced nutrient application.